

Message Text

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ACTION COME-00

INFO OCT-01 EUR-12 IO-13 ISO-00 EB-08 TRSE-00 STR-07
/041 W

-----129345 211654Z /43

P 211627Z APR 78
FM AMEMBASSY PARIS
TO SECSTATE WASHDC PRIORITY 0447
INFO USMISSION GENEVA PRIORITY

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USMTN FOR MTN GENEVA

E.O. 11652: N/A
TAGS: ETRD, MTN, FR
SUBJECT: IDENTIFICATION OF PUBLIC PROCUREMENT ENTITIES
OF CENTRAL GOVERNMENTS IN SELECTED DEVELOPED COUNTRIES

REF: (A) STATE 66974, (B) STATE 75530, (C) STATE 100803,
(D) PARIS 09330

1. WE REGRET THE DELAY IN RESPONDING TO REFTELS.
WE HAVE REVIEWED AND VERIFIED THE LIST CONTAINED
IN REFTEL B. TO THIS WE WOULD ADD THE FOLLOWING
MAJOR GOF NATIONAL AND QUASI-PUBLIC ENTITIES:

CEA - ATOMIC ENERGY
ONERA - AEROSPACE
ELF-AQUITAINE - OIL PRODUCTION AND REFINING
CDF-CHIMIE - CHEMICALS
AIR-INTER - AIR TRANSPORTATION
RATP - PARIS TRANSPORTATION SYSTEM
AEROPORT DE PARIS - PARIS AIRPORTS
COMPAGNIE GENERALE MARITIME - SHIPPING LINES
PORTS AUTONOMES - PORT AUTHORITIES
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SNECMA - AIRCRAFT MOTOR PRODUCTION
GROUPE RENAULT - AUTOMOBILES
TV AND RADIO BROADCASTING NETWORKS
HAVAS - PUBLICITY
BANQUE DE FRANCE, CAISSE DES DEPOTS ET CONSIGNATIONS,
BNP, CREDIT LYONNAIS, SOCIETE GENERALE - ALL BANKING
ORGANIZATIONS

SERVICE DES TABACS ET ALLUMETTES - TOBACCO AND MATCH
PRODUCTION.

THE COMPLETE LIST AS CONTAINED IN "NOMENCLATURE DES
ENTREPRISES NATIONALES A CARACTERE INDUSTRIEL OU
COMMERCIAL ET DES SOCIETES D'ECONOMIE MIXTE' SHOWING
EXACT GOVERNMENT OWNERSHIP IS BEING AIRPOUCHED TO THE
DEPARTMENT (C/O FRENCH DESK) AND USMTN GENEVA.

2. REGARDING GOF ENTITIES WHICH THE US SHOULD SEEK TO
HAVE COVERED BY THE CODE, WE WOULD CITE THE FOLLOWING
IN PARTICULAR:

AIR FRANCE
POST AND TELECOMMUNICATIONS
MINISTRY OF EDUCATION
MINISTRY OF HEALTH
BANKS AND INSURANCE COMPANIES

3. THE MINISTRY OF ECONOMY AND FINANCE HAS OVER THE
YEARS DEVELOPED NUMEROUS MEASURES (INCENTIVES, STANDARDS,
SPECIFICATIONS, FINANCING ARRANGEMENTS) WHICH INFLUENCE
PURCHASING DECISIONS BY GOF ENTITIES. YET TO A LARGE
EXTENT THESE ENTITIES, WHILE "ENCOURAGED" TO BUY FRENCH,
EXERCISE A SIGNIFICANT DEGREE OF DISCRETION AND
AUTONOMY IN THEIR PURCHASING

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ACTION COME-00

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ACTIVITIES. (IN THIS REGARD WE ASSUME THAT GOF MINISTRIES HAVE LESS DISCRETION IN THEIR SOURCING THAN DO THE NATIONALIZED COMPANIES). IN ADDITION, WHILE THERE IS A GENERAL TENDENCY TO PREFER DOMESTIC SUPPLIERS IF PRICE AND QUALITY ARE EQUIVALENT TO FOREIGN COMPETITORS, US SUBSIDIARIES IN FRANCE GET THEIR FAIR SHARE OF SUCH CONTRACTS.

4. IN REFTEL D WE PROVIDED OUR INPUT FOR USG TESTIMONY FOR THE HEARINGS ON THE PROPOSED "BUY AMERICA" BILL. WE COMMENTED THAT WE HAD "SOUGHT WITHOUT SUCCESS TO OBTAIN FROM INSEE (INSTITUT NATIONAL DE LA STATISTIQUE ET DES ETUDES ECONOMIQUES) AND A GOVERNMENT PURCHASING AGENCY (UNION DES GROUPEMENTS D'ACHATS PUBLICS) AN ESTIMATE OF THE TOTAL VALUE OF US GOODS PURCHASED BY THE GOF INCLUDING ENTITIES UNDER ITS CONTROLS. HOWEVER, WE BELIEVE THAT A SIGNIFICANT PERCENTAGE (PERHAPS AS HIGH AS 20 PERCENT) OF FRENCH IMPORTS FROM THE US (\$4.8 BILLION IN 1977) CAN BE ASCRIBED TO SUCH PURCHASES".

5. DURING OUR DISCUSSIONS WITH TRADE CONTACTS, THEY
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POINTED OUT THAT THERE ARE A NUMBER OF OTHER FACTORS - APART FROM GOVERNMENT PROCUREMENT PRACTICES - WHICH HAVE A LIMITING EFFECT ON US SALES TO GOVERNMENT ENTITIES:

- THE PROBLEMS OF LACK OF AFTER-SALES SERVICE AND REGULARITY OF SUPPLY;
- THE FACT THAT US SUPPLIERS ARE RELUCTANT TO QUOTE OTHER THAN IN DOLLARS, INSIST ON PAYMENT IN DOLLARS, AND HAVE LIMITED EXPERIENCE IN EXCHANGE RATE COVERAGE;
- US EXPORTERS GENERALLY ARE POORLY INFORMED ABOUT CREDIT FACILITIES THAT US BANKING INSTITUTIONS CAN OFFER TO FOREIGN BUYERS.

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